GOVERNMENT OF INDIA
URBAN DEVELOPMENT AND POVERTY ALLEVATION
LOK SABHA

UNSTARRED QUESTION NO:2014
ANSWERED ON:04.03.2003
FUNDING THROUGH TAX FREE MUNICIPAL BONDS
SUKENDER REDDY GUTHA

Will the Minister of URBAN DEVELOPMENT AND POVERTY ALLEVATION be pleased to state:

(a) whether the Union Government have received any requests for funding through tax free Municipal Bonds to give impetus to housing activities in Municipal and Urban Areas;

(b) if so, the details thereof, State-wise; and

(c) the action taken in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT & POVERTY ALLEVIATION (SHRI PON RADHAKR)

(a): Yes Sir, the Central Government has inserted a new clause (vii) to Section 10(15) of the Income Tax Act, 1961 vide the Finance Act, 2000, whereby interest income from Bonds issued by local authorities are exempted from income tax. As per the guidelines circulated for issue of Tax Free Municipal bonds by the local government/authorities, funding of housing activities is not one of the areas meant for use of funds raised through these bonds.

(b)&(c): In view of (a) above, question does not arise.